

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

June 14, 2004

6:00 PM

Chairman Forest called the meeting to order.

The Clerk called the roll.

Present: Aldermen Forest, Gatsas, Osborne, Porter, Lopez

Messrs.: Dr. Sullivan, T. Arnold, J. St. Hilaire, K. Clougherty, J. Shaffer,
R. Sherman, R. Beaurivage

Chairman Forest addressed Item 4 of the agenda:

Communication from Kenneth DeSchuiteneer, President of Metro Cab Company, Inc., requesting review of the present fee structure for taxicabs in the City recommending fees not be increased, however, allow fees to include time and mileage at the current rate.

On motion of Alderman Lopez, duly seconded by Alderman Osborne it was voted to receive and file this item.

Chairman Forest addressed Item 5 of the agenda:

Communication from Barbara Vigneault, Elderly Services Director, advising of CMC's proposal to provide community and medical services at the new Manchester Senior Activity Center.

On motion of Alderman Osborne, duly seconded by Alderman Porter it was voted to table this item.

Chairman Forest addressed Item 6 of the agenda:

Report of the Committee on Administration/Information Systems recommending that the Board of Mayor and Aldermen provide funding for public access.

Dr. Grace Sullivan stated I have with me John St. Hilaire who is the President of the Board of Directors of MCAM, the new non-profit that was set-up to begin negotiations with the City. Working with Tom Arnold he set-up some criteria for

MCAM to take over the operations of public access. We are here...this was referred from an Aldermanic Committee to this Committee...

Chairman Forest interjected this was sent back by the Board of Mayor and Aldermen to straighten out some matters. I am not sure what the matters are either but I was speaking with Tom Arnold today and I know that one of them has to do with some contracts between the City and them.

Deputy Solicitor Arnold stated what I had suggested of course is that there should be an agreement between MCAM and the City specifying the service to be provided, funding, equipment and that type of thing. I guess what I would suggest to the Committee at this point is that MCAM and various City staff have been meeting and perhaps the most efficient way to do this would be to come up with a formal agreement that we could put before this Committee for their advice.

Chairman Forest stated I know we got the part about the employees settled correct. That was one of the questions.

Mr. John St. Hilaire responded that is correct. I guess the employees are going to become employees of MCAM. They are going to leave the City. They will become members of MCAM for public access. As far as an agreement...I don't know where we need to bring...many, many things have been thrown up in the air. Basically the way that MCAM is now proceeding is that we did everything that was asked of us up front and now because things have changed we are going to, as a Board, back-up and we are going to put together something that we will present to the City to take over public access and bring it in front of this Board or in front of the Board of Mayor and Aldermen. I don't know which Board it would go in front of but we will bring it back and present it. As far as the July 1 deadline that the School Board has imposed on public access I don't know what that is and I don't know what the ramifications are of not meeting that but I guess we will find out because at this point now we need to just go forward with everything that has been put forward to us.

Alderman Lopez asked can Kevin enlighten us on the finances. I know that Dr. Sullivan has indicated to me that she needs \$26,000 more so I would like to have Kevin Clougherty weigh in on this to make sure that when legal gets involved we will have all of the players agreeing before we can make a decision here.

Mr. Kevin Clougherty replied as you know, Alderman, it is part of the FY05 appropriation. There are two items that deal with public television. There is the \$120,00 that is appropriated in non-City programs and there is \$306,000 in the operating budget for a total of \$426,000. There is also in the CIP an account that deals with the capital items. There was \$600,000 in that account. We took in

another \$250,000 from the cable company and there is another \$50,000 that will come in January 1. There is a usable balance of about \$900,000 for leases and equipment. So to the extent that MCTV has legitimate capital items they can draw on those three accounts.

Alderman Lopez asked is that what you are talking about Tom – to make sure that the capital account and the money that is in the \$120,000 and all of that is transferred on a yearly basis as a Resolution like we do with some of the other things.

Deputy Solicitor Arnold answered among other items, yes.

Alderman Lopez stated so that is where we are and until we actually see some type of document signed by somebody...

Dr. Sullivan interjected I think, Alderman, it was already brought up that looking ahead with that \$600,000 that is there now and the additional \$250,000 and then the other \$50,000 that is coming in that is going to extend from 2004 through 2015 so it would be a good idea for not only MCAM in terms of public access to put together a business plan to see how that money is going to utilize but also balancing off the needs of education and government.

Alderman Lopez asked Dr. Sullivan do you anticipate in this agreement that they are going to spell all of this out.

Dr. Sullivan answered I think that is pretty much what John has been talking about – stepping back and saying okay these are the things we really need to look at and also coming back at the same time and looking at the needs of government and education.

Alderman Lopez stated I think there has to be some...I don't know if they can do the whole thing in those numbers either but I don't foresee the City saying here is \$250,000 do what you want with it.

Dr. Sullivan responded there needs to be some kind of and Kevin is going to say it is called a business plan or whatever kind of plan that we need to put together balancing those three needs with the amount of money that we have.

Alderman Lopez stated so we are all on the same page it is just that we don't have any document to look at. The Committee has to get together...

Mr. St. Hilaire interjected the Committee couldn't put together any documents until we knew where we had to go. We were given the directive from the Mayor

when we started this whole thing that had a very clear view of where we were going and that vision changed. Somewhere along the line the vision changed drastically. We did everything that was asked of us up to this point and now we are going to go a step further because one of the things that we need to make sure everybody understands is that for MCAM to take over and to sign into a long-term lease agreement that it is going to have to sign for the studio space and things we are going to have to have a long-term commitment from the City because the private citizens on the Board of MCAM are not going to sign and personally guarantee rent and a lease without some kind of formal back-up that we are going to be guaranteed the funding that we need. We think that we have the vehicle to do that with and now that we know where everybody stands we will put together our proposal and come back.

Alderman Lopez stated I think at the Board meeting we mentioned too that this Committee and we might as well identify them for the record – I think it was HR, Finance, Legal, MCTV and your organization. Was there anybody else? The City Clerk was to coordinate any meetings so that they would be recorded.

Mr. St. Hilaire responded that was the meeting as far as discussing the employees - the employees that are currently operating public access and their transfer into MCAM and whether they were going to transfer or end up being sub-contracted or have a management contract so that they would remain on the City's payroll.

Alderman Lopez replied I am not talking about that. I am talking about any meetings with City staff be coordinated through the City Clerk so she can keep record of it so we don't have like we had with the first meeting where some people weren't informed. She would notify all of the people that are involved so records could be kept. That is all I am saying.

Mr. St. Hilaire stated absolutely. Once we have the whole proposal together than we would do that through the City Clerk's Office correct.

Alderman Osborne asked what kind of a long-term lease are you talking about. How many years?

Mr. St. Hilaire answered it would be a minimum five year lease.

Alderman Osborne asked are there any options.

Mr. St. Hilaire answered yes. The lease that we are looking at right now is five years with options to go out to 15 years in five year increments.

Alderman Osborne asked so you have two extended five-year options.

Mr. St. Hilaire answered that is correct.

Alderman Osborne asked have you talked about a three-year lease with two three-year extensions or is this what you talked about.

Mr. St. Hilaire answered the problem with a three year lease and walking away after three years is the amount of fit up that is required to actually put a television studio together – the broadcast studio and the individual space. It would be awfully hard to justify paying for the fit up over a three-year period. From a business standpoint, a five-year period would be the preferred. Given that, if the only option that we had were a three year then we would have to run those numbers to make sure that it would be a feasible way to approach it.

Alderman Osborne asked so you are looking for five-year increments with the City.

Mr. St. Hilaire answered correct.

Chairman Forest asked you now have a Board of Directors for MCAM right.

Mr. St. Hilaire responded that is correct.

Chairman Forest asked and you are now a 501-C3 or is it 3C.

Mr. St. Hilaire answered 501-C3.

Chairman Forest asked, Kevin, now that they are a 501-C3 have we ever as a Board or as a Committee given five or ten year guarantees to any non-profit organization. If not, can we commit another Board to five years?

Mr. Clougherty answered to be honest I would rather research that. I can't say that we have never done it. I don't think one comes to mind right off the top of my head. We will certainly research that as part of this whole submission of a business plan and give you some information on it.

Dr. Sullivan stated we will get other information from other access centers throughout New England so you can look at their models.

Chairman Forest stated I recommend that MCAM get together with the Solicitor's Office and Kevin Clougherty and come up with an agreement and report back at our next Committee meeting. That is the only thing that is holding them up now is legal and finance.

Alderman Lopez stated I agree with you on that. The question I have is for Dr. Sullivan. If this is not accomplished by July 1 what happens? Have you had any discussions with the School District? Can MCTV stay there until an agreement is done?

Dr. Sullivan responded no one at the School District has said that as of July 1 public access is going to cease to operate out of the MST studio. Right now there is no one saying that is going to happen. I think that what is going to happen or what I hope would happen is that the same services will be available July 1 as were available on June 30. We produced well over 1,000 hours of public access programs last year and those services will still be provided.

Alderman Osborne asked Mr. Arnold the five-year commitment with the City, is that possibly where this Board can give five years and then two or three years down the road a new Board comes on and they rescind that.

Deputy Solicitor Arnold stated the Board is certainly free to authorize and enter into a five-year contract. Contracts beyond a year or two are commonly done. If there was a valid agreement I guess the Board if it chose to do so could breach it in three years but there would probably be damages for that. If your base question is can the Board enter into a five-year contract the answer is yes they can.

Alderman Osborne asked but if a new Board comes in can they rescind what we did.

Deputy Solicitor Arnold answered not if there is a valid existing contract without breaching it.

Mr. Clougherty stated the MCAM group is going to have to put together a five-year plan of what their extensions are going to be and what their sources of revenue are going to be for that period. That is the business plan that we have been encouraging them to develop. We will certainly work with them to develop that but they would have to do some research on what benefits they are going to offer their employees because now they are no longer City employees. They are not in the City pension system right now. Health benefits and all of those types of things have to be researched and costed out. To the extent that they can do that for the next meeting we will work with them but it may be that it will take them a little bit longer to pull together that plan. Once they have their business plan in place that will serve as the basis for any contractual arrangement that they want to bring forward. To look at one without the other doesn't make a lot of sense so I think we really have to give them some time to develop that. I know they are moving rapidly. We could certainly report at the next meeting on the status of it

but I would hate to guarantee you that it would be here because I know that it is going to take them some time to do the work.

Alderman Lopez moved to have MCAM meet with the City Solicitor and Finance Director and come up with an agreement and provide that to us at our next meeting. Alderman Osborne duly seconded the motion. Chairman Forest called for a vote. There being none opposed, the motion carried.

TABLED ITEMS

10. Draft Resolution in opposition to HB 1416-FN “extending the property tax exemption for wooden poles and conduits and establishing a committee to study issues related to the exemption” referred to committee by the full Board to monitor.

On motion of Alderman Gatsas, duly seconded by Alderman Osborne it was voted to remove this item from the table.

On motion of Alderman Gatsas, duly seconded by Alderman Porter it was voted to receive and file this item.

12. Report from City Solicitor regarding requested language for charter amendment relating to internal auditor and primary elections, if available.

On motion of Alderman Lopez, duly seconded by Alderman Porter, it was voted to remove this item from the table.

Deputy Solicitor Arnold stated I am about halfway through that task. I have drafted one of them. I am working on the other. I wanted to meet with Finance and got sidetracked but I anticipate I will be back to you at the next meeting with those documents.

On motion of Alderman Lopez, duly seconded by Alderman Porter it was voted to put this item back on the table.

Chairman Forest addressed Item 3 of the agenda:

Appeals of the denial of taxi driver’s licenses.

Alderman Lopez moved to enter into non-public session under the provisions of RSA 91-A:3II (c). Alderman Gatsas duly seconded the motion. By roll call it was voted by the members of the Committee to enter into non-public session. As a result of discussion held by those present, it was the consensus of the Committee

members present that Mr. Georges' will be issued a six month probationary license as discussed in the non-public session. The Committee also voted to deny licenses for Ronald Betts and Timothy Lambert.

On motion of Alderman Gatsas, duly seconded by Alderman Porter, it was voted to exit non-public session.

Deputy Clerk Normand stated that no business other than the appeal of the denial of taxicab licenses for Mr. Georges, Mr. Betts and Mr. Lambert was discussed in non-public session.

8. Study of cost estimates and implementation of electronic form of payments.

On motion of Alderman Gatsas, duly seconded by Alderman Lopez it was voted to remove this item from the table.

Ms. Joanne Shaffer stated I know you have a lot of things to attend to tonight so we will make this as short and sweet as we possibly can. This is the second time that we have come back to the Committee relative to accepting electronic payment. The items that we want to bring to your attention up front are that the acceptance of electronic payments is a matter of providing the constituents a convenient 24/7 ability to access and pay for municipal services. Accepting electronic payments will not result in reduced staff or a financial savings and there is a cost to implement and provide this service. Recommended implementation. The City would need Click2Gov, which is the HTE module that would facilitate the interfaces. This would provide a convenience to the customers to research and verify account information, payment history and other data that might be provided by each utility. We would also use a third party as an ASP or Application Service Provider. That was the basis of the previous presentation that we made to this Committee and this would be an entity that would post merchant account services operated and maintained according to standards and industry security requirements governed by Visa cardholder information, security program CISP. We would like to implement Water and EPD for the online collection of the utility remittances. The bottom line is it will provide for IVR, which is interactive voice response systems. This would allow people to dial up the information on their telephone and pay either from their checking account or using their credit card in that particular mode. The recommended methods of payment that the City would accept under this new plan would be credit cards...this would be on residential accounts only and this is because the commercial accounts are a large dollar value and the City would have to forego that much more revenue relative to the percentage fee that would go to the credit card provider. Electronic checks is the second mode, which would basically be an Internet transaction or an ACH transaction that you would do on the Internet. Bank drafting would be the third

suggestion and that would be for recurring payments. I think you have all seen those forms that you could fill out with your phone bills or other utility payments that would allow the City in this instance to charge their account with an ACH transaction on a quarterly basis, which is when these billings usually go out for both Water and EPD. Recommendation on convenience fees. The Finance Department staff in conjunction with the other departments that have been looking at this particular project recommend that a convenience fee not be charged initially. Bank and processing fees would be absorbed within the revenues that the Water and EPD utility would collect. This facet, this convenience fee so-called would be reviewed after six months to determine whether or not at that point we feel that we should actually charge a convenience fee to the customer or if the City should continue to absorb the cost. At the onset, of course, it would make more sense not to charge a convenience fee because more people would be tempted to go in on the website and utilize these particular modes of payment. Click2Gov enables citizens and businesses to access government services and information at their convenience online 24 hours a day, 7 days a week. It provides self-service for viewing current and historical account information, making payments and viewing past payments and past payment history, and viewing consumption and service summaries that might be provided by the individual utilities. What we are going to do is show you online a sample of what you would see when you went on to one of these particular modules.

Mr. Randy Sherman stated maybe we won't do that. We seem to be having technical difficulties. I don't know why it isn't working.

Ms. Shaffer stated I will go to implementation now. This would be easier to do if you had something to look at but let me go to...I apologize. Let me go to marketing and then we will come back to pricing where you can look at the numbers if we can reboot the system. What we obviously would have to do is go on a little PR and marketing campaign if we were going to sell this to the constituents of the City of Manchester. What we would propose to do is include flyers that would go out with the water and sewer payments over probably the course of the latter part of this year and then we would include ACH authorizations in there so they could signed up for either ACH individual payments or recurring payments, whatever their choice might be. We would also put a step-by-step outline on the website of exactly what each individual has to do if they choose to pay by either of these members. Then what we would also like to do is advertise on public television and maybe do a little bit of marketing there and let people know that the City will be accepting electronic payments for water and sewer utilities by November 1 or whatever our target date happens to be after we go into some of the facets of getting the modules up and getting the various interfaces together. I apologize because not only were we going to go to Click2Gov under HTE but we were also going to go under the Tax Collector

website because the Tax Collector already has Click2Gov set-up there so you can review information about each individual property out there. That, I guess, was going to facilitate or shortcut us showing you or telling you how this works because a picture is worth a thousand words when it comes to these things.

Chairman Forest stated in the meantime Alderman Gatsas has a question.

Alderman Gatsas stated the only two departments you are thinking about instituting right now are EPD and Water

Ms. Shaffer responded correct.

Alderman Gatsas stated and you said the fee shouldn't be charged and that it will be reviewed in six months.

Ms. Shaffer responded yes.

Alderman Gatsas asked wouldn't it make more sense to implement the fee and then review if you are going to withdraw the fee because if you start allowing people to do this without charging a fee and you find out that there are 5,000 people that come online you are going to lose them in six months if you institute a fee. I think it makes more sense to put the horse before the cart.

Mr. Sherman answered there are two schools of thought on that. Certainly a number of people took the position that you are taking and we had a debate on the other side. By not charging a fee the thought is that encourages people to use it. They are not chased away by the fee. It is sort of like when the banks brought in the ATM machines. Initially there was no fee. They got people accustomed to using them and then they could see how many people were willing to use it. If you put in the fee and people don't use it what happens is you then don't know whether people are going to use it or not. We have looked at the actual cost of...you know is it a lot of money if we do it and is it a lot of money if we don't do it. You get the argument that well if a lot of people are using it it is going to cost us a lot of money and you say well that is a good thing that a lot of people are using it and if it is running us up that high then we do add a fee. If a lot of people don't use it, then the fee is very minimal. Part of the cost of implementing this is to have the Click2Gov feature that allows people to do inquiries. It doesn't necessarily mandate them to pay so you might have a lot of people who go in and just do the inquiry and wouldn't get charged a fee. I agree with the thought that those are things the users should be paying for but the problem is when you are just going in and doing inquiries there is nowhere to capture that fee. That is why we went with the no fee up front and then we would come back and see what the

actual volume is and if we should ever happen to get this thing up and running again you will actually see that...

Alderman Gatsas interjected the important issue is that if you take this from EPD and Water and move it to Tax and Auto Registration there is going to be a huge...correct me if I am wrong but isn't it about 2.5%.

Mr. Sherman responded what we did is the numbers that are up on the Board now that we have the presentation back, we actually based this on 5% usage and that is the annual cost that we came up with that each of those entities would be absorbing on an annual basis.

Alderman Gatsas asked what is the transaction fee. Is that the 2.5%?

Ms. Shaffer answered for a credit card is it 2.69% and for an Internet transaction it would be \$1.45 per transaction.

Alderman Gatsas asked why wouldn't we go in and structure something as we did at the State because we just implemented this at the State and put in the fee amount because the State is doing it and there aren't any people complaining about the fee doing the transactions online. Either that or we just don't put in the credit card portion and allow the \$1.50 fee for doing it by check. I don't think that...it is easier to say you are not going to charge the fees here but if people start paying their taxes you know that 2.5% fee on a \$2,000 bill I don't have to tell you comes out to about \$52. We ought to just implement the fee and let it be there and I think when you go to the next issue, the Water bills, if you look at an average of between \$100 and \$150 on a quarterly basis...

Mr. Sherman interjected yes that is probably about right.

Alderman Gatsas stated well that is about \$3.75 on \$150 bill. I don't think that the taxpayers once you move it in the City or the ratepayers when you leave it at EPD and the Water Works that the other people should be absorbing it.

Ms. Shaffer replied well this is also where we would probably look at each individual revenue on a different basis because as you said the City could not afford to forego that amount of money or that amount of revenue relative to tax collections. So what we would recommend is that you wouldn't accept credit cards for property tax payments but we haven't even gotten to that bridge yet. That is kind of another one that we cross after we do an analysis of how this program works for the course of the next six months. Now you have presentations in front of you and I am sorry that the pages aren't numbered but if you go down there is a page there that says "Implementation Cost".

Alderman Osborne stated I was going to ask you about the Click2Gov situation and the cost and now I see it. I guess you show \$53,305. Anyway, outside of that I have the same thinking as Alderman Gatsas. In my own mind I thought if we were going to implement something we should start from the beginning and not come up with a fee afterwards. You get a lot more resistance I think that way than you would if you started out the right way. If they want convenience I guess they have to pay for it. It is like a convenience store. You pay more than you do at the supermarket. I think that is a good idea.

Mr. Sherman responded the issue is a lot of those costs are the Click2Gov costs themselves and a number of people can use that without actually making a payment. So I can go out and do the inquiry and not pay a fee. Now what you are doing is you are building the cost of the inquiry only into the fee for those who choose to pay. That is why we chose not to go that way in the first place. Again, if the Committee would like us to charge a fee we will implement a fee but that was the reason we went that way.

Alderman Lopez asked how much of a fee was discussed. If there was a fee what would it be.

Ms. Shaffer answered the fee for a credit card payment would be 2.69% and the fee for an ACH transaction would be \$1.45.

Alderman Lopez asked \$1.45 to pay your water bill.

Ms. Shaffer answered correct.

Alderman Lopez asked and they only pay \$.34 now.

Ms. Shaffer answered that is correct. This basically is being set-up at the urging and request of the Mayor's Office. I think that we have been asked to proceed with trying to set-up some type of mode where people who have made requests can be able to pay on the Internet or by a mode other than check and have access to information.

Alderman Lopez asked so it is 5%...

Ms. Shaffer interjected we are looking at 5% usage initially.

Alderman Lopez asked if you had a fee of \$1.45 and 5% usage how much money are we talking about.

Ms. Shaffer answered if you look at the next page where it says "Ongoing Costs" what we have done is estimated 2.5% for credit card and 2.5% for ACH transactions. That for Water comes up to approximately \$8,500 and for EPD comes up to approximately \$7,500. This also includes a \$1,900 annual maintenance fee for the modules that would put this into operation.

Alderman Lopez stated it seems to me that it is just more of a convenience of looking up your water bill or your EPD bill. It would be nice to get some revenue but if you are talking about investing \$53,000 and getting a return of \$15,000 based on 5% usage and you want to charge \$1.45 for somebody to pay their bill when they can just throw it in an envelope for \$.37 or drop it off at the supermarket...

Ms. Shaffer interjected I think it is a matter of the people out there who have grown accustomed to throwing that in an envelope and sending it along. I think you are future generations are probably going to utilize online banking for the most part and most of them will gravitate to paying a majority of their bills on the Internet if it is available to them.

Alderman Lopez stated I guess that is what I am struggling with. What is the objective or goal here in the long run? I know we are picking up two departments that are in the Enterprise system. It might be good for them. I guess we are using them as a guinea pig to see what the...

Ms. Shaffer interjected right. It is to offer options basically to the constituents so that they have other modes of payment other than check. Right now they can either go into a grocery store and pay their utility bill in cash or they can send a check to the lock box. So there aren't many options or choices for them.

Alderman Lopez asked what is our mission going to be trying to accomplish here.

Ms. Shaffer answered we are trying to provide options to the bill payers to pay their bills other than by check or by cash.

Alderman Lopez asked wasn't there some discussion about revenue before and that we would get into revenue if we had, for example, paying car registration and all of that stuff we would pick up more revenue.

Ms. Shaffer answered I think maybe...are you thinking about the lock box payments.

Alderman Lopez responded no. I am not thinking about anything in particular. If we had this throughout the City I thought the original discussion was to try to

provide like you said for someone to have an alternative way to pay but at the same time have revenue.

Mr. Sherman stated with these two revenue streams that you have, Water has a very good collection policy now. They have the ability to go out and shut your water off. So if anything it may avoid shut-offs but I don't think it really will enhance their revenues. EPD you know you see the warrants that come through for that. Just like the Tax Collector has a method to go out and collect that. That is why you will see like the advantage of something like this is so that somebody can pay their bill from Florida and those types of things. They can go online and see what their bills are and then they can pay them. They don't have to be home to get the mail. They can just handle that. Even if it is go in and look it up and get on the phone and call Water Works and say gee I know you have my account information just charge my account and get that bill paid. That is really what we are trying to get to here. A couple of things that I would like to just point out – I cannot get the Internet up and running and I apologize for that but when we look at these implementation costs again this Click2Gov and the training here this really provides you...we currently have that up and running right now for the Tax Office and it gives people the ability to go out and look at their account and research that information. It shows past bills. It will show the breakdown of the bills. The Click2Gov for the utilities actually produces graphs that people are interested in but that can be just like we have for Tax can be inquiry only. Really what we are talking about is this \$5,500 as far as a set-up fee to be able to accept the payments. Joanne mentioned earlier this IVR, this voice response so people can actually use the telephone. I can tell you right now if it is \$20,000 we are probably not going to do it. That seems a little outrageous to us. We get quotes at about 15% or 20% of that number. Again that one is still whether we do it or not will depend really on whether we can get that number down. I do want to let you know, too, that you have obviously just passed EPD's budget for next year. I don't believe anybody is here representing them but I think they are all set. Water does have to go back to their Commission to discuss this and make sure that they get the funding and Bob Beaurivage told me that they have a meeting on June 23 and they will be discussing it at that Water meeting. When you get over to, besides this...again this \$5,500 is for the online and then as you get over here these are really your ongoing costs with the 5% usage. So we really didn't think...certainly out of the box we don't expect to get 5%. We certainly don't think even if we do get 5% that those numbers are that onerous that over a six-month period even if they are half of that...again I think that is a good thing. If we can get 5% to 6% usage. Certainly if the Committee would like us to bring back a fee proposal to recoup these fees then clearly...what did we calculate about 5% on water which has about 2,400 accounts. So you are talking maybe \$3 you would have to charge each one of them to make up that \$8,500.

Alderman Osborne stated getting back to the fee and implementing it at the beginning if we did start off with this and we hung on for six months that means that at the end of six months you then apply a fee. So that first six months the City has to take the brunt of that right? That means the people who don't use this particular system are paying for people that do. So, I think the fairest way to the taxpayers is to implement some sort of fee from the beginning. Also, other cities and I think we talked about it a little bit last time...how are they running theirs and what did they implement for a fee from the beginning?

Ms. Shaffer responded most of the other cities that are using a program like this currently have charged a convenience fee at the onset.

Alderman Osborne asked and how are they doing to this point.

Ms. Shaffer answered the volume that they are collecting is growing, I think, on a monthly basis but the fact that there is a convenience fee that is assessed does stop a lot of people from making their payments in that particular fashion.

Alderman Osborne stated it is a Catch-22 I guess but I like it better the other way.

Alderman Porter asked if I go in can I check and see if Alderman Lopez paid his water bill.

Ms. Shaffer answered no.

Mr. Sherman stated you can go in and see if you paid your water bill. Each account has its own password and pin number.

Chairman Forest stated I am pretty much going to go along with Alderman Osborne and Alderman Gatsas.

Alderman Porter stated my point is there are other industries that do use information over the Internet – realtors for example. There could be others that want to use that information. If it were available I would definitely want to charge on an inquiry basis.

Chairman Forest stated I know that I use it for certain accounts now. I do pay a service fee mainly with the credit card account. I knew that when I signed up and it is convenient to me because the first of every month the bill gets paid and the second of every month I go look to make sure it has. I pay the service charge and I believe that the people that are going to use it are using it for convenience they are going to pay the service charge and I can't see starting it up for free. If there is a service charge – you can inquire on any credit card, I mean your credit card.

You can inquire anything from the credit card company online for free. If you want to use their service then you have to pay.

Alderman Lopez stated on the Water Works the ongoing costs, if you have \$15,000 or \$16,000 if they are an Enterprise they are going to absorb that cost I presume and the second part is if you do charge a fee are they going to get that or is the City going to get it.

Ms. Shaffer responded basically they will have to forego revenue which means that whatever revenue they don't receive from the credit card transactions will be reduced revenue for them and they will also have to pay for the fees that will be assessed for the transactions.

Alderman Lopez stated I am talking about the fee that the other Alderman is speaking of. If we say we want to charge a fee do they get that revenue or does the City get it?

Ms. Shaffer responded we talked about an application service provider within the context of this transaction and that is the intermediary that facilitates the transaction processing between the City and the bank. That is actually the entity that the fee goes through.

Mr. Sherman stated it would just go to offset the cost of those transactions. So if Water Works was cutting the service provider the monthly check to pay then they would get the revenues back into their account to offset that.

Alderman Lopez stated I just want to make it clear that on the bottom line it might not be anything that we are going to get as a City.

Ms. Shaffer answered that is correct.

Mr. Sherman stated general fund no.

Alderman Lopez replied that is my point. The general fund is not going to receive anything.

Ms. Shaffer stated that is right.

Alderman Lopez stated I guess the question is why would we want to charge on an Enterprise system at this time until we work out the budget before we go into the Citywide or other programs.

Ms. Shaffer responded I think the reason we started out with the Water and EPD is because those are the most efficient payment systems within the context of the City government now because most of the bills that are received are paid through lock box. So there is basically a standardized payment note. As I said, some of them are paid by cash at different grocery stores, etc. along the way or possibly at the office but most of the rest of them are just processed seamlessly at this point. We figured that because the processing portion of it was simple that maybe if we could introduce a different payment mode for those particular utilities that there wouldn't be so many adjustments as with some of the other revenues that are on different computer systems and so forth.

Alderman Lopez stated I understand that. I just want to make sure I understand that we are utilizing these two departments because of their efficiency and to work out the bugs if there are any bugs before we go into other...

Ms. Shaffer interjected that is correct.

Alderman Lopez stated so if we are going to end up with nothing in the general fund I don't know why we wouldn't just go along and do this experiment stage so to speak.

Mr. Sherman responded that is the position that we took too.

Alderman Gatsas stated let me see if I can help my colleague. If we use a standard number of \$150 and we use that as the Water Works or EPD bill, 2.69% is somewhere around \$4 and change. If we say that we are going to apply a service fee of \$3 whether you do an ACH or a bank transfer or a credit card that gets them to cover their fee and I would think that we could implement that same \$3 fee as long as it was based on a check transaction or a transfer of funds because you said that was \$1 and how much?

Ms. Shaffer responded \$1.45.

Alderman Gatsas stated and that doesn't matter for the amount of money that is being transferred.

Ms. Shaffer responded what we tried to do is give...in order to get a price like this we gave a range of what the bills would amount to like from to and came out with what an average bill would be.

Alderman Gatsas asked so the \$1.45 isn't based on a per transaction it is based on per transaction...

Ms. Shaffer interjected average.

Alderman Gatsas asked on the amount.

Ms. Shaffer answered yes.

Alderman Gatsas stated so to say that it is \$1.45 for a tax bill of \$10,000...I would think it would behoove the City one to get into a situation where people aren't going to be paying with credit cards on their tax bills because they have to finance them at a higher rate but to get them to do a transfer by check to their account is going to get the taxpayer the money that much quicker which means that the availability to the Finance Officer for investment is that much sooner and if we figured out or if we could get an incremental amount on what that fee would be obviously it has to be based on a sliding scale going up the hill on the higher amount of dollars because then you are going to be talking about auto registration, which I think is another thing that you can do by check and not by credit card. I think that those are things that we should be getting an answer to as to what that sliding fee scale is because I think you are going to find that as a transaction they are going to be transferring from their checking account and that fee is going to be there. I don't think you are going to find many people putting that on a credit card unless they are looking to get their points.

Ms. Shaffer responded we concur with what you are saying and that would be a policy decision that I think this Committee would have to make in the future – whether or not you would even consider accepting those types of payments on property taxes because of the issues that you just spoke about. On a sliding scale, on a percentage basis I am not so sure you would receive that many payments when people found out that the convenience fee was a little bit more than astronomical.

Alderman Gatsas replied I tend to disagree with you because that fee based on a \$10,000 amount, whatever that amount is it is not going to be based on a percentage amount. It is going to be based on a flat fee. So if you said it was \$3 or \$5 for whatever amount I don't think that is something that people in this day and age with looking to pay electronically rather than sending a check or going down...that is not a lot of money.

Ms. Shaffer responded no I think for those types of people who are up against deadlines and who are looking for the convenience I think some of them would probably be more than happy to pay that.

Alderman Porter asked is there anything we should hear from the Water Department.

Mr. Robert Beaurivage stated I am the Assistant Director of Water Works. We had the same concerns regarding the fee that Alderman Gatsas has alluded to. I think in terms of convenience the gas company, Public Service Company, and phone company all allude to this service. It is under the modern day trend and this is something that obviously I think the Aldermen should consider but I think the charge and recovering the charge is something we have a concern about. I think as Alderman Osborne has indicated we will have to pass that charge along to the rest of our customer base.

Alderman Gatsas moved to allow EPD and Water Works to implement at their cost the Click2Gov with a service fee of \$3. Alderman Porter duly seconded the motion.

Chairman Forest called for a vote. There being none opposed, the motion carried.

Ms. Shaffer stated we hope to have this implemented within about 120 days and hopefully we will get back to you and tell you that it has been successful.

7. Communication from Diane Prew, Information Systems Director, advising that the Mail Operation Committee met to review the proposals and as a result a new proposal from Pitney Bowes was received that the committee will be meeting shortly to review.

This item remained on the table.

9. Financial Restructuring proposal – response from Mayor, if available.
(*Note: Mayor was requested to choose two departments.*)
(*Tabled 03/15/2004*)

This item remained on the table.

11. Communication from Alderman Osborne requesting the contract compliance issues noted in the management letter be referred to the Committee on Administration.
(*Tabled 03/15/2004 pending review of management letter.*)

This item remained on the table.

There being no further business, on motion of Alderman Osborne, duly seconded by Alderman Gatsas it was voted to adjourn.

A True Record. Attest.

Clerk of Committee